

WILL PROBE LILLEY'S CHARGES

HOUSE ACTS ON THE SUBMARINE BOAT SCANDAL.

Speaker Cannon Appoints a Special Committee to Investigate—Indicates That Summary Steps Will Follow if the Charges Are Not Substantiated.

WASHINGTON, March 6.—The House of Representatives today without debate and by a unanimous vote adopted a resolution reported from the Committee on Rules for the appointment of a special committee of five members to investigate charges made by Representative George L. Lilley of Connecticut of corrupt practices on the part of the Electric Boat Company of New Jersey to influence legislation in regard to appropriations for the construction of submarine torpedo boats. Speaker Cannon appointed Representative Boutwell of Illinois, chairman; Stevens of Minnesota and Olmsted of Pennsylvania, members; and Howard of Georgia and Broussard of Louisiana, Democrats, as members of the committee to conduct the investigation.

The committee this afternoon obtained the adoption of a resolution authorizing it to employ clerical help and to sit during the recesses of the House. It will organize on Monday and lay out plans for procedure. Representative Lilley will be invited to attend Monday's meeting.

Mr. Lilley declined to furnish names of members of Congress who had in mind to have been influenced by the submarine companies until the investigating committee met. He assured the Committee on Rules that he was not talking on hearsay. "I know my grounds," he said, "and I know that I can prove these things before a committee that means business."

To the committee Mr. Lilley said also that the Electric Boat Company had been "a stench in the nostrils of the country for years and in my opinion has done more to corrupt legislation than all the other corporations on earth." He said a tribute to the membership of the House, but it would be strange he said, "if there were not some sheep in it that had the foot or scab."

Representative Dalsell prevented the report of the Committee on Rules and the resolution for an investigation. The resolution is as follows:

"Whereas Mr. George L. Lilley, a Representative from the State of Connecticut, by his responsibility as a member of this House, before the Committee on Rules, has among other things stated in substance that the Electric Boat Company of New Jersey and its predecessors, the Holland Boat Company, have been engaged in efforts to corrupt influence on certain members of Congress in their legislative capacities, and have in fact exerted such corrupting influence; therefore be it

Resolved, That the committee of five members be appointed to investigate the charges made by said George L. Lilley of corrupt practices on the part of said company and of members of Congress with respect to legislation; and that the committee shall have authority to send for persons and papers, and to take testimony in Washington, D. C., or elsewhere, either before the full committee or any sub-committee thereof. Said committee shall report as speedily as possible, with recommendations, if any, as to the committee shall seem best."

In support of the resolution the Committee on Rules made a report, the most interesting part of which is marked "Appendix" and consists of a transcript of a hearing given Mr. Lilley by the Committee on Rules on February 25, when he appeared to make a statement showing why his resolution for an investigation should be adopted.

Mr. Lilley in his statement named Mr. Lilley in regard to his allegations, the examination being conducted mainly by Representative Dalsell of Pennsylvania. Mr. Dalsell asked Mr. Lilley to make a statement to make, and Mr. Lilley read the following statement:

"That an examination of the books and records of the Electric Boat Company and of its predecessor, the Holland Boat Company, will show that large sums of money have been paid from their treasuries for the above purpose (influence legislation)."

That continued and repeated efforts have been made by representatives of the Electric Boat Company and its predecessor, the Holland Boat Company, to influence the action of the officers of the Navy Department, and that such efforts in the past have been so persistent and notorious as to call forth the condemnation and criticism of high officers of the Navy and the House of Representatives can be secured by an investigation committee.

That from 1893 up to the present time these efforts of the Electric and the Holland companies have resulted in absolutely suppressing any possible investigation of submarine construction, and securing and awarding of all contracts, either by specific appropriation or by legislative appropriations skillfully drawn, to this company without publicity of any kind or record.

That it can be shown by former investigation by the Naval Committee of the House, upon which no reports were made to the House of Representatives, that the Holland company and the Electric Boat Company have been engaged in doubtful and reprehensible efforts to influence members of Congress and officers of the Navy Department in favor of their boats and appropriations therefor.

That it can be shown upon investigation that certain representatives of leading newspapers have been subsidized and paid by the Electric Boat Company for favorable newspaper articles and reports in behalf of the said company.

That it has never been held that evidence should be taken or received in advance to warrant Congressional investigation. Such a procedure would be investigation per se by the Committee on Rules. Such an investigation should be only upon the merits of the case, and not upon the merits of the case.

When Mr. Lilley finished reading Mr. Dalsell began his examination. In response to Mr. Dalsell's questions Mr. Lilley said he expected to prove wrongful methods in connection with the Electric Boat Company's lobby, but did not care at that time to state the names of members he alleged had been influenced by the lobby. "I do not think it should be expected of me," he said, "and in response to further questioning along this line he answered: 'I understand I am not called upon to try the case before this committee.'"

Mr. Lilley declared that the submarine boat lobby had been maintained since 1893, ten years before he came to Congress, but he had learned from members of the Naval Committee of prior Congresses of the methods of the submarine boat company.

In the course of the examination Mr. Lilley said that his charges of corrupt practices applied to members of the prior Congresses, and that they (meaning the Electric Boat Company) "are using wrongful methods in most every member's district who serves on the Naval Committee."

Mr. Dalsell asked in what way the company had attempted to corrupt members of Congress, and Mr. Lilley answered by relating the following incident concerning himself.

In the last Congress a large manufacturer from my town, an intimate friend, a man who would probably have as much influence with me as any man in my State, told me that he had the promise of a large order for the submarine. At the same time there came down here a lawyer in politics who had been a member of the State committee and the town committee where I lived—was then—what I probably said to him was 'I will do my best for you in Congress as any man. He came here to Washington

VAN NORDEN TRUST COMPANY

Reserve February 29, 42%

Reserve March 2, 40%

Reserve " 3, 43%

Reserve " 4, 39%

Reserve " 5, 39%

Reserve required by law, 15%

FIFTH AVE. & 60TH ST., N. Y.

and stayed with me, and he was certainly employed by the Electric Boat company.

Mr. Sherman—Worked for what? Mr. Lilley—He was employed by Mr. Frost, vice-president of the Electric Boat company, who, he said, was a college classmate of his and that he was a splendid fellow and wanted me to meet him. He told me about the excellent qualities of Mr. Frost and urged me to vote for his submarine. The first had tried by getting the closest political influence to bear upon me that he could, and then a large business enterprise that employed thousands of hands. The same identical thing happened a very few days before the motion was made in our committee to vote on submarines. A new manufacturer from the city of Bridgeport walked into my room over in the new building and told me that they were practically closed down; that they never needed an order so badly as they did now; that they had a promise of an order from the Holland or Electric Boat company if he would vote me right on this proposition.

I said: "What is the size of your order?" He said: "Twenty thousand dollars." I asked him what the profit was to them. He said: "About \$2,000."

"Now," I said, "let me see if I understand you correctly. You are asking me to vote \$3,500,000 of other people's money of which I am one of the trustees, and I am giving you a \$20,000 order on which you are going to make \$2,000 profit. Is that your proposition?" He sat and looked at me a few minutes, and then said he did not like to have me put that in the record. He said to him, and I said: "If that is your proposition I would prefer to pay you the \$2,000 myself."

That ended the interview, but an attorney came down here and stayed three or four days. He said the company had a contract to build a new submarine, and he said he had a letter in my box at the New Willard containing a clipping from a Washington paper explaining that the Department had sent four submarines to Manila and expected others to follow, and urged upon me the necessity of voting for a liberal number of submarines. I thought I had that letter here. No; it is up home.

This Electric Boat Company has been a stench in the nostrils of the country for years, and in my opinion it has done more to corrupt legislation than all the other corporations on earth.

Continuing his statement in response to questions Mr. Lilley said:

"Resolved, That the committee of five members be appointed to investigate the charges made by said George L. Lilley of corrupt practices on the part of said company and of members of Congress with respect to legislation; and that the committee shall have authority to send for persons and papers, and to take testimony in Washington, D. C., or elsewhere, either before the full committee or any sub-committee thereof. Said committee shall report as speedily as possible, with recommendations, if any, as to the committee shall seem best."

Mr. Williams—Now, Mr. Chairman, I would like to ask Mr. Lilley a question: Mr. Lilley, in case the committee concluded to report this resolution favorably would you object to adding this language to it? "The committee upon the report of said Lilley of the allegations in this resolution and shall recommend to the House appropriate action to be taken by the House with regard to the conduct of the said Lilley, and if any are shown to be thus guilty, or with regard to the moves of this resolution in case allegations herein contained against the conduct of the said Lilley, members of the House and the House Committee on Naval Affairs are unfounded and unsubstantiated by proof?"

Mr. Lilley—I do not wish to admit that to me in this connection. I would like to think it over. Mr. Williams—It is in writing.

Mr. Lilley—I do not just know what that means. If I will give me a copy of it I will be glad to consider it.

Mr. Sherman then called Mr. Lilley's attention to an interview in which Mr. Lilley was quoted as saying that Mr. Sherman had been paid from the treasuries of the above purpose (influence legislation). Mr. Lilley said that he had been paid from the treasuries of the above purpose (influence legislation).

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HEARST TO HAVE A RECOUNT

COURT OF APPEALS DECIDES AGAINST MCLELLAN.

By a Vote of 4 to 3 It Holds That the Attorney-General May Order the Opening of Ballot Boxes in Any District Without First Giving Evidence of Fraud.

ALBANY, March 6.—The Court of Appeals this afternoon decided that Attorney-General Jackson has the right in the Hearst-McClellan election case to direct an opening of the ballot boxes in any election district to determine the question who was elected, without giving any preliminary evidence of fraud or misconduct or mistake impeaching the return or statement of canvass of the inspectors.

Decision was rendered by a divided court, the vote being 4 to 3. Judge Haight wrote the prevailing opinion, in which Chief Judge Cullen and Judges Willard Bartlett and Chase concurred.

Judge Gray dissents in an opinion, and it is concurred in by Judges Vann and Werner. The decision of the court reverses an order of the Appellate Division, First Department, and sustains that of Justice Vernon M. Davis given at Special Term.

The case came up on three questions certified to by the court below, the most important of which were the first and third, relative to the opening of the ballot boxes. The second question, as to whether, after it appeared on the trial that Mayor McClellan was in office under a regular certificate of election, the burden of impeachment that certificate rested upon the Attorney-General, was conceded affirmatively on the arguments, so the court did not have to pass on it. In his opinion Judge Haight says:

"This case has been brought for the purpose of determining the question as to whether the Attorney-General is authorized to order the opening of the ballot boxes in any election district upon the determination of the question as to which received a majority of the votes of electors lawfully cast at such election."

The ballot box can be opened and proper evidence and they are contained in the boxes in the custody of the Board of Elections, and it is our conclusion that neither party can properly be excluded from the right of availing himself of this evidence upon the question as to whether the election is fraudulent or not. The question is presented as to whether the ballot boxes may be opened and their contents inspected without preliminary evidence tending to show misconduct, error, omission or fraud in the canvass of the returns.

If such preliminary evidence is contemplated by our present election law then a preliminary issue arises with reference to every box containing ballots which is sought to be opened and the contents received in evidence. It may be that the inspectors and watchers could be called to give oral testimony as to what they discovered in the count and in the making of the returns on election night, from which it could be ascertained whether there was misconduct or omission of duty on the part of those charged with the duty of canvassing the ballots. This evidence may be rebutted by persons present tending to show that there was no misconduct or omission of duty, but this is a distinct issue of fact with reference to each box that may be offered to be opened and its contents examined, thereby unduly increasing the burdens of the trial and extending it indefinitely.

Whether there were errors in the returns or an omission to count the ballots of the candidate for whom they were cast are questions which can be determined from the ballots themselves when the boxes are opened and the ballots are counted. We feel, therefore, to see the necessity for the preliminary proof referred to and are of the opinion that the statute does not contemplate the necessity of producing such evidence preliminary to the return to either party of the right to the action to avail themselves of the evidence which the boxes contain.

It is true that preliminary evidence must be submitted showing that the ballots have been preserved and the boxes inviolate, as was said by Chief Judge Cullen in the Matter of the election of 1906, and that such evidence must be of such a character as to satisfy the trial court in the first instance that they have been so preserved, and that the contents received in evidence and finally to satisfy the jury of such preservation.

But beyond that we are of the opinion that no further conditions are to be allowed, so as to determine the right of a party to an office or his guilt or innocence in a criminal action, at the instance of either party, to open a ballot box and to admit the contents in evidence. It may be different where the boxes are sought to be opened under other circumstances than a trial of an action, for as we have seen from our reference to the Brink case that the statute was not intended to confer upon a Judge or court the power to order the return of ballot boxes to be opened and examined, unless it was to the end that they may be used in judicial proceedings pending or about to be commenced. The purpose of the statute requiring a preservation of the ballot, as we have seen, is to make it possible to receive evidence upon a criminal prosecution or in an action to determine which candidate was elected to office. It may be that the evidence furnished by the ballots would not become conclusive, for that would depend upon the question whether they had been preserved inviolate and as to whether they had been cast by persons who are qualified voters in that election district. But that they may become important in determining the question presented there can be no doubt.

We conclude therefore that the order of the Appellate Division should be reversed and that of the Special Term affirmed, each with costs, and that the questions certified should be answered in the negative and the third in the affirmative.

NO STRUCK JURY HERE.

The order made by Justice Davis in Special Term, granting the application of Mayor McClellan for a struck jury to try the suit brought by Attorney-General Jackson to oust him from the Mayoralty of New York City, was not granted.

A decree issued by the court yesterday, as modified yesterday by the Appellate Division of the Supreme Court, to the extent that a special and not a struck jury will be empaneled.

FOR MORE PAY IN NAVY.

Bill Providing for Increase Reported Favorably to the House.

WASHINGTON, March 6.—Increased compensation for officers of the United States Navy and Marine Corps is provided for in a bill which the House Committee on Naval Affairs to-day decided to report favorably.

It provides that hereafter the pay and allowances of all officers of the navy and marine corps shall be the same as the pay and allowances of officers of corresponding rank in the army. An increase of 25 per cent. in the pay of midshipmen, warrant officers, mates and paymasters is also provided.

Under the existing law retired army officers share in increased pay authorized for their respective ranks. This provision, it is proposed, shall be applied to retired officers of the navy.

Arbitration With Mexico.

WASHINGTON, March 6.—An arbitration treaty between the United States and Mexico has been agreed upon and will be signed in a week or ten days. It will be signed by Secretary of State Taft on behalf of the United States and Sefio Godoy, Chargé of the Mexican Embassy in this city. The treaty will be similar to those with France, which was recently ratified by the Senate, and with Switzerland, which was ratified a few days ago, ratified by the Senate to-day.

DEPEW FOR ALDRICH BILL.

He Says It Is Simple in Its Remedies, Practical and Easily Understood.

WASHINGTON, March 6.—Senator Chauncey M. Depew addressed the Senate this afternoon in advocacy of the Aldrich bill.

While, he said, it might be termed a makeshift, yet in his opinion it was simple in its remedies, practical and easily understood, and, without upturning the entire banking system, afforded that elasticity the lack of which was the greatest evil of the present system.

"So long as we cannot recreate our system at once," he declared, "expedients which are effective are essential to meet present conditions. The main thing is to have securities available for the additional currency which are so large in amount and so easy to be held or obtained that the control or cornering of them is impossible. The bill under consideration accomplishes this result."

He urged the strengthening of the position of the Controller of the Currency. So long as the Government was in the banking business, he said, the functions of the Controller of the Currency were as important as those of any officer of the Government. Senator Depew added that the Controller of the Currency should have a Cabinet pay and tenure of office not dependent upon changes of administration.

The force of bank examiners, the Senator thought, should be increased considerably, and those officers should be paid salaries commensurate with their responsibilities, instead of by the fee system.

Senator Depew added that the Senator thought that a commission of Senators and Representatives be created to investigate the whole banking system and provide some means for the supervision of the currency and the Controller of the Currency could be brought in intimate contact with a board selected by the national banks and the supervisors of the currency.

With some executive responsibilities, which might concentrate the banking power of the country, for the prevention of panics and for the protection of the currency, stockholders and the public against bad or corruptly managed institutions. Such a plan, in his mind, would meet in a limited way the duties of a central bank without its powers.

PRESIDENT'S YACHT AROUND.

Runs on Thimble Shoal in Hampton Roads While On Her Way to Norfolk.

WASHINGTON, March 6.—The President's yacht Mayflower ran around last night about 90 yards from Thimble Shoal light in Hampton Roads while on her way to Norfolk, where she was to be fitted out for a cruise. The Mayflower was escorted by the tugboat Collier and the cutter Albatross.

The Mayflower is commanded by Lieutenant-Commander Carl T. Vogelsang, and left Washington yesterday morning from the city of Washington. She was escorted by the tugboat Collier and the cutter Albatross.

The vessel was still hard and fast to-night, off the coast of the cutter Albatross and the tugboat Collier. The vessel was escorted by the tugboat Collier and the cutter Albatross.

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TALK ABOUT ADJOURNMENT

SENATOR ARMSTRONG FIXES APRIL 1 AS THE DATE.

Other Senators Think So-Back Reserve Bills Reported in the Assembly for Second Reading—Two Measures Affecting Street Cleaning Department.

ALBANY, March 6.—Senator Armstrong, chairman of the Senate Finance Committee, believes that the Legislature can adjourn by April 1. Senator Raines does not entertain that view, and there are a number of other Senators who now say they cannot see how the Legislature can complete its work before the latter part of April. They say the reason for that is that from the middle of March until April 11 they will have to devote considerable time to caucuses and attending to the preliminaries before the Republican State convention.

But Senator Armstrong says that business can progress with some of the members absent. Senator Armstrong has completed his work on the appropriation bill which passed the Assembly two weeks ago, and the Senate Finance Committee will report it to the Senate next week. A number of changes have been made in the Assembly appropriations.

The Senate will probably pass the bill by the last of next week, and then conference committees of the two houses will be appointed to agree on the final draft of the bill. Majority Leader Merritt is working on the annual supply bill and expects to have that completed and passed in the lower house next week, and it will be placed before the Senate Finance Committee at once.

Senator Armstrong says that he can see no reason why these two important bills, upon which the date for final adjournment has always depended in former years, cannot be passed by March 20. About the only bill that the Governor has recommended that is likely to pass is the one providing for direct nominations.

The State Bank and Trust Company reserve bills recommended by State Superintendent of Banking Clark Williams were reported for second reading, with amendments, in the Assembly by Chairman Francis of the Committee on Banks. The changes affect the banks, individual bankers and trust companies doing business in the boroughs of The Bronx, Brooklyn, Queens and Richmond. The maximum reserve of 25 per cent. for banks and 15 per cent. for trust companies is unchanged, but the requirement as to cash in vault has been made 10 per cent. for banks and 10 per cent. for trust companies in the boroughs of Manhattan. The balance of the reserve may be placed on deposit, subject to call, in other institutions.

Assemblyman Conklin (Rep., New York) introduced two bills to-day affecting the Street Cleaning Department of New York City. One takes from the Commissioner of Street Cleaning the jurisdiction of the question of salaries and places it with the Board of Aldermen and Board of Estimate and Apportionment. A second bill increases from \$750 a year to \$780 the salary of the street cleaners.

A bill of Assemblyman Hackett makes it a misdemeanor punishable by a fine or imprisonment, or both, to erect a fence in New York city for advertising purposes that shall be less than six feet high, or more than four feet high if the fence is on the roof. All such fences now existing must be removed by August 1, 1908. The bill also provides for the use of outside places for sign purposes.

A bill of Assemblyman Degroot provides for the appointment of a commission of three civil engineers to devise a plan for abolishing grade crossings on the lines of the Long Island Railroad in Brooklyn and Queens. One is to be an engineer in some city department to serve ex officio, another is to be nominated by the board of directors of the Long Island Railroad Company and paid by that company. The third is to receive \$7,500 a year, with all clerical help, and to receive half by the company and half by the city.

Stock and bond brokers hereafter must pay the State Controller an annual license tax of \$200, according to the total of the amount of stock and bonds sold or purchased by them during the year. The bill also provides that the present stock tax shall apply to bond sales and the present bond tax to stock sales.

A bill introduced by Senator Cobb to-day provides that a State commission, consisting of three members, the majority to be nominated by the Governor and two by the Assembly, be appointed to investigate the effects of the use of alcohol and narcotics, and to report to the next Legislature whether a State inebriates' home should be established.

A bill introduced by Assemblyman Hamm limits the expenses of domestic life insurance corporations to the total of the premiums for the first year on the premiums received for the first year, and excluding expenses for the first year, and excluding expenses for the first year, and excluding expenses for the first year.

Assemblyman Silverman introduced a bill providing for the New York City Public Service Commission to fix the rate of fare from any part of New York city to the annexed district of Westchester county and to the city of New York, and to the city of New York, and to the city of New York.

A bill introduced by Assemblyman A. E. Smith empowers the Governor to appoint a board of three members to investigate the effects of the use of alcohol and narcotics, and to report to the next Legislature whether a State inebriates' home should be established.